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STATISTICAL BULLETIN

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The Conference Board

COMMENT

The latest batch of economic reports shows that the overall volume of activity is neither expanding nor contracting very much. Rather, it is bumping along at a depressed level. The expected surge in consumer buying has yet to materialize; consumer confidence improved in the Spring but then weakened again, and the July tax cut apparently did more to boost savings than spending. Rates on car loans and mortgages did not come down as much as other short-term rates, like the prime, and credit-card rates were largely unaffected—although some consumer rates did finally begin to fall a little in early October. Nevertheless, the latest *Economic Forecasts* generally point to some rise in activity in the fourth quarter, apparently on the assumption that gathering cyclical momentum must generate some rebound. A number of forecasts, however, now anticipate the recovery to begin in the first quarter of next year. This minority view seems to be that the rebound is being delayed because that cyclical momentum is not strong enough to push past the barrier of restrictive money growth and still-high interest rates. Indeed, there is concern that that barrier will prevail and activity will remain essentially stagnant. Many analysts view an improvement in the financial-conditions barrier as a necessary step in order for any rebound, even one as modest as that envisaged in the forecasts, to develop. In short, the general view remains one of modest recovery but with a preponderance of risks on the downside.

Consumer demand was certainly less robust this past Summer than had been anticipated. One reason given for the lack of progress is that, with inflation on the way down, consumers were delaying purchases in order to take advantage of steeper discounts and rebates. Perhaps of more relevance is the fact that the high degree of slack in the system, with high and rising unemployment, made consumers more cautious and skeptical—especially with regard to making long-term commitments on installment payments. The latter explanation implies that consumers need some clear signs of economic improvement to relieve the need for caution while, at the same time, not much of a rise in production can occur without stronger final demand.

Personal income, adjusted for inflation, was no higher in July than it had been in May, and it fell a bit in August. Meanwhile, the personal saving rate jumped from 6.9% in the second quarter to about 7.1% in the third quarter, and consumers were rather cautious about buying on credit. The ratio of Consumer Installment Debt Expansion to Personal Income had been rising modestly during the Spring months but then leveled off in June and July, and fell sharply in August. At the same time, the consumer attitude surveys reflect a marked dampening of spirits. The Conference Board's *Consumer Confidence Index* had fallen to a near-record low of 53.3 (1969-1970 = 100) in March, but then improved through the Spring and early Summer to a level of 61.6 in July. However, it fell back down to 53.7 in August and 53.5 in September. Consumers' appraisal of current business conditions is at rock bottom: The majority of survey respondents say that business conditions are bad and jobs are hard to find. The appraisal of conditions six months ahead had been steadily improving, accounting for most of the gain in the overall measure earlier this year. However, that appraisal fell in August and did not improve very much in September.

Retail sales, adjusted for inflation, had risen in each month from February through May of this year, but then weakened considerably; sales were around 4% lower in September than they had been in May. The drop in sales was less pronounced in nondurable goods than in durable goods—the latter being a category frequently financed by installment credit. New domestic *Automobile Sales* were at an average annual rate of only 5½ million in June and just over 5 million in July and August. The selling rate improved a little in September—to just about 6½ million. To put that depressed selling rate in context, the pre-recession rate was running closer to a 9 to 10 million rate. The modest recovery scenario in the *Economic Forecasts* implies that domestic sales might rebound to only about 8 to 8½ million in 1983. Foregin models were selling at a rate of a little over 2 million per month through August, but increased to about 2½ million in September.

Inventory/sales ratios were declining throughout the first half of this year but appear to have leveled off in the last three months. In fact, the ratio for durable goods industries inched up in August. Given the cash-flow problems of business, together with high carrying charges and weakened demand, there is little chance of any major restocking of inventory right away. Consequently, production schedules were still being trimmed in September, resulting in still lower production and still higher layoffs. Nevertheless, the attitudes of business executives improved a bit further in the third quarter. According to The Conference Board's survey, the *Measure of Business Confidence* rose to 55 (on a scale of 0-100) from 52 in the second quarter and a recent low of 43 in the fourth quarter of 1981. However, the latest

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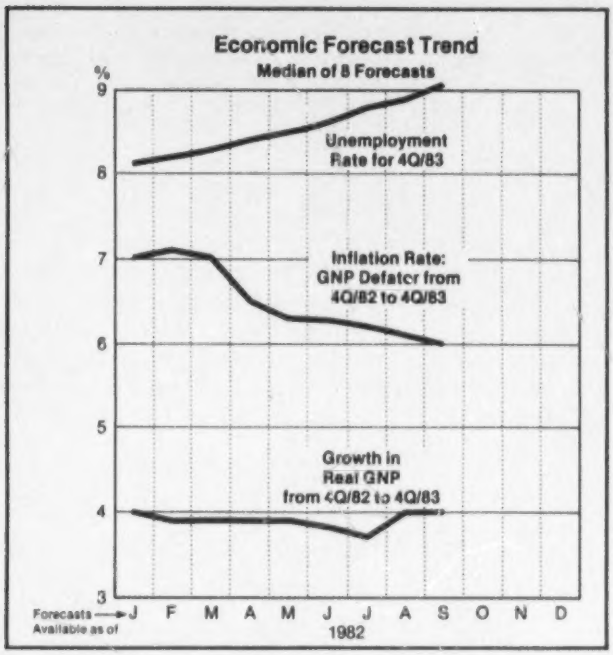


improvement simply reflected a sentiment that conditions were not deteriorating as severely in the third quarter as they had been earlier this year; there was no strengthening in the executives' assessment of the outlook in this latest survey.

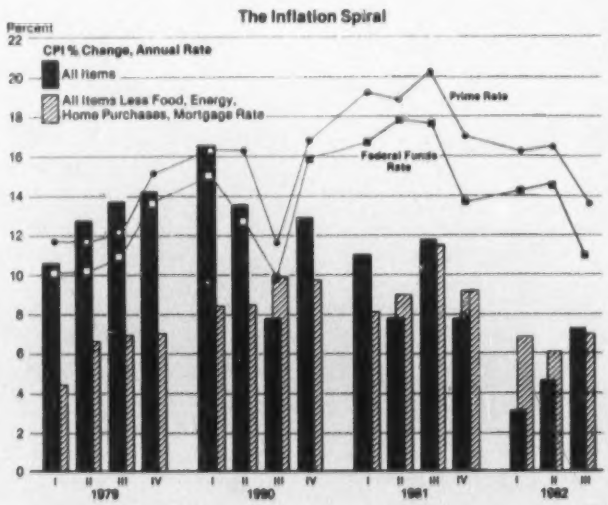
Even though the composite index of *Leading Economic Indicators* fell in August, it was still about 1% higher that month than three months earlier. The suggestion remains that there may be some gain in activity in the fourth quarter. Likewise, the *Economic Forecasts* point to some modest recovery getting under way in the fourth quarter, but in more subdued tones than was the case in the last few months. The median of the current forecasts for real output growth is a seasonally adjusted 2.5% annual rate in the fourth quarter of 1982. Three months ago, the median growth forecast for the fourth quarter was 4.2%, and, even last month, it was at 3.8 percent. Conversely, the forecasts are now showing a little more growth (but still in a 4 to 4½% range) for 1983 than they had indicated earlier. In general, the forecasts have consistently pointed to a modest recovery (real growth in about a 3½% to 4½% range per quarter from the start of the recovery through the forecast horizon) but they have changed the timing—specifically, delaying the start of recovery from some time in the third quarter of 1982 to the fourth quarter, and in some instances to the first quarter of 1983. The accompanying chart on *Economic Forecast Trends* shows that the median of the forecasts for real growth from fourth quarter, 1982, to fourth quarter, 1983, has changed very little over the last nine months. On the other hand, the inflation forecast has consistently been lowered and the unemployment forecast raised. In other words, the median view has been and continues to be one of subdued growth in economic activity, with a growing conviction that the inflation-fighting restrictive monetary policy is succeeding but at the expense of heightened unemployment.

The more pessimistic forecasts remain skeptical that the economy can expand very much in an environment of slow money growth and high interest rates. The most pessimistic view is that real GNP will increase at a rate of less than 2% through the first half of 1983 and at only about 3½% in the last half of next year. It further indicates that real output growth might slip back to only about 2% in 1984.

The median of the *Economic Forecasts* is that the inflation rate, as measured by the implicit price deflator, will remain fairly close to 6% through the third quarter of 1984 (last quarter in the forecast horizon). Some of the forecasts indicate that it might fall to only about 5% while others suggest it may move back up a little—but only to about an 8½% rate by the end of the forecast horizon.

The national unemployment rate reached 10.1% in September, and indications are that that will not be the last report of rising unemployment. The Conference Board's *Help-wanted Index* fell again in August to 78 (1967 = 100) and early returns for September indicate that it dropped another 3 to 5 points in that month. These data suggest that October's unemployment rate will be higher than the record rate reported for September. The median of the *Economic Forecasts* is that the unemployment rate will be around 9% in the fourth quarter of next year and 8½% by the third quarter of 1984. The more pessimistic view is that the rate will be about one-half of a percent higher than that throughout the forecast horizon.

Ken Goldstein

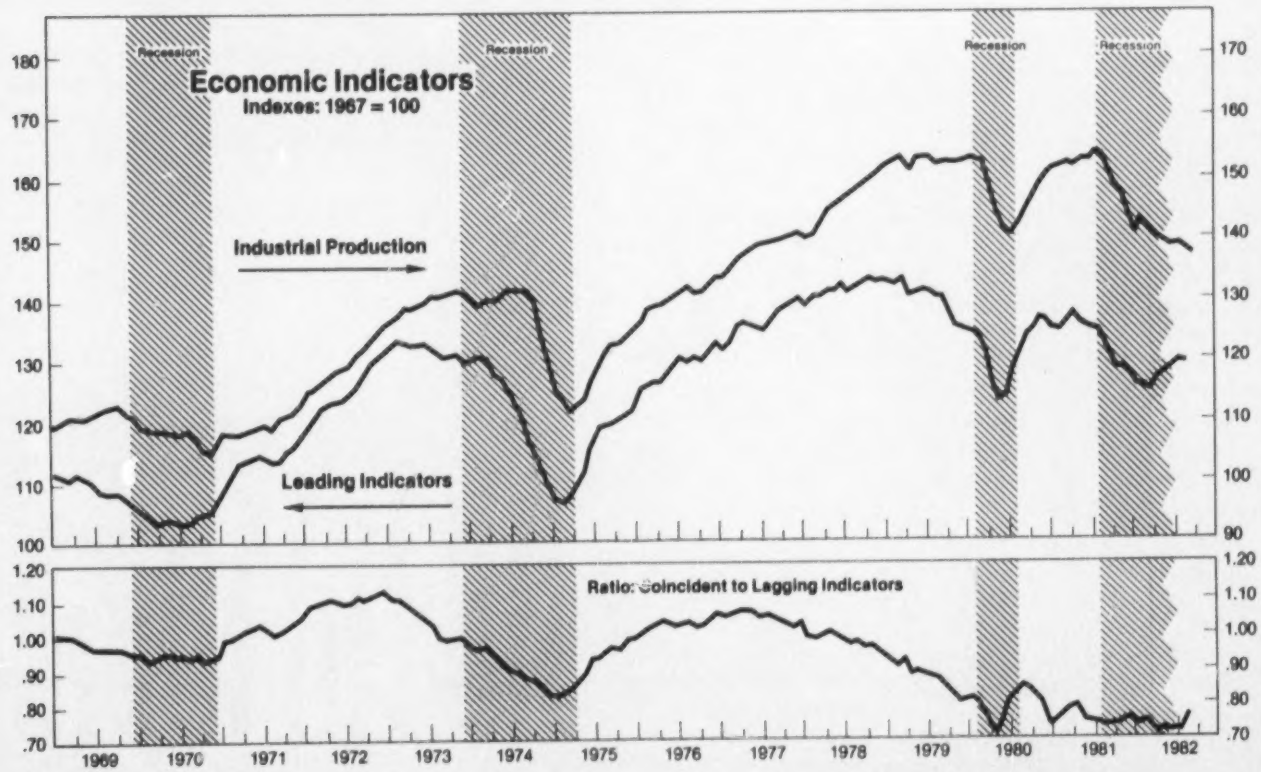


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change from year-ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			+ 0.7%	— 4.1%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.			X	— 4.7%	—23.2%
New orders, nondefense capital goods (deflated)	Aug.			X	— 9.2%	—27.3%
*Net business formation	Dec.			X	— 5.7%	—12.6%
*Housing permits	Aug.			X	— 6.0%	+ 1.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.			X	— 6.2%	—13.4%
*Change in inventory, on hand & order (deflated)	July	X			+31.3%	+ 0.5%
Purchasing agents' buying policy	Sept.		X		+ 4 %	—12 %
*Vendor performance, reported slower deliveries	Sept.	X			+10 %	— 8 %
Industrial raw materials prices	Sept.	X			+ 3.2%	—15.4%
*Change in sensitive prices	Aug.		X		+ 1.8%	+ 0.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.	X			+ 0.6%	+ 3.7%
Change in business loans	Sept.			X	—14.8%	+ 3.2%
*Change in liquid assets	Aug.	X			+ 0.1%	0
Change in consumer installment debt	July			X	— 7.3%	—11.8%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q		X		— 0.5%	—24.5%
*Common stock prices	Sept.	X			+11.8%	+ 3.7%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sept.			X	— 0.6hr.	— 0.8hr.
*Initial unemployment claims (inverted)	Aug.			X	— 2.0%	—41.8%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



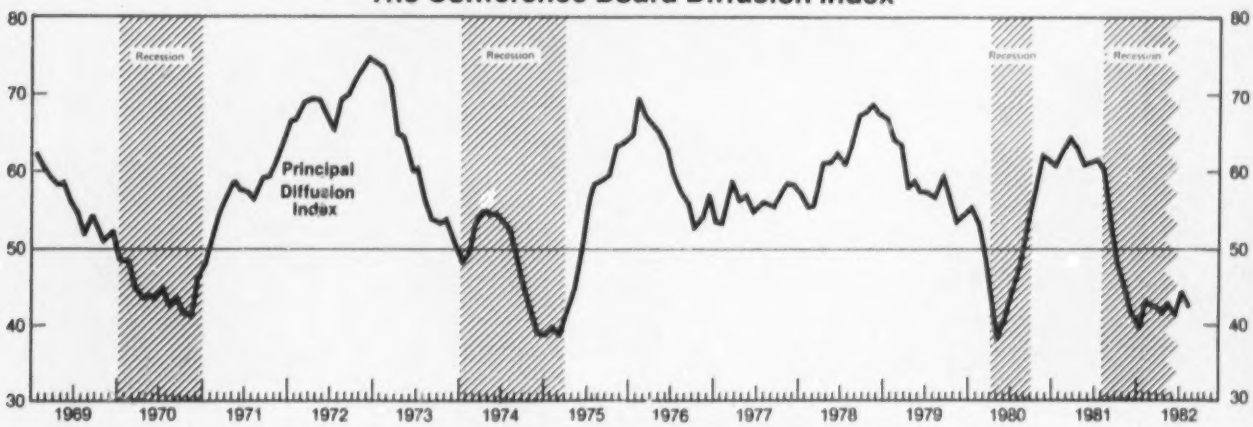
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1981 Aug.	1982 May	1982 June	1982 July	1982 Aug.(e)
Principal Diffusion Index	54.4	42.9r	41.7r	44.1r	42.2
Auxiliary Diffusion Index	45.7	52.2r	45.9r	57.8r	44.1
Industrial Group	54.3	28.9	29.3	33.7r	34.6
Nonindustrial Group	54.5	56.9r	54.0r	54.4r	49.9
Sense of Diffusion	1.0	0	0	0	—1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	59.8	33.3	27.4	37.2r	41.9
Labor	46.5	20.1	24.0	26.4	24.6
Miscellaneous	65.4	44.2	45.5	46.8	48.7
Nonindustrial Subgroups					
Prices	41.7	48.1	41.7	42.9	36.5
Consumer	79.9	74.4	68.4	68.4	63.2
Building	34.6	37.8	40.4	42.3r	39.7
Miscellaneous	50.9	58.1r	57.1r	56.2r	52.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1980 Feb.	1980 May	1980 Aug.	1980 Nov.	1981 Feb.	1981 May	1981 Aug.	1981 Nov.	1982 Feb.	1982 May	1982 Aug.
	Score (scale 0-100)										
Measure of Business Confidence	40	29	49	63	58	61	57	43	47	52	55
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	36	16	28	59	50	57	48	26	23	30	38
2. Expectations for Economy, Six Months Ahead	38	31	60	67	63	64	63	51	59	64	65
3. Expectations for Own Industry, Six Months Ahead	45	40	60	63	61	61	60	52	56	61	61

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

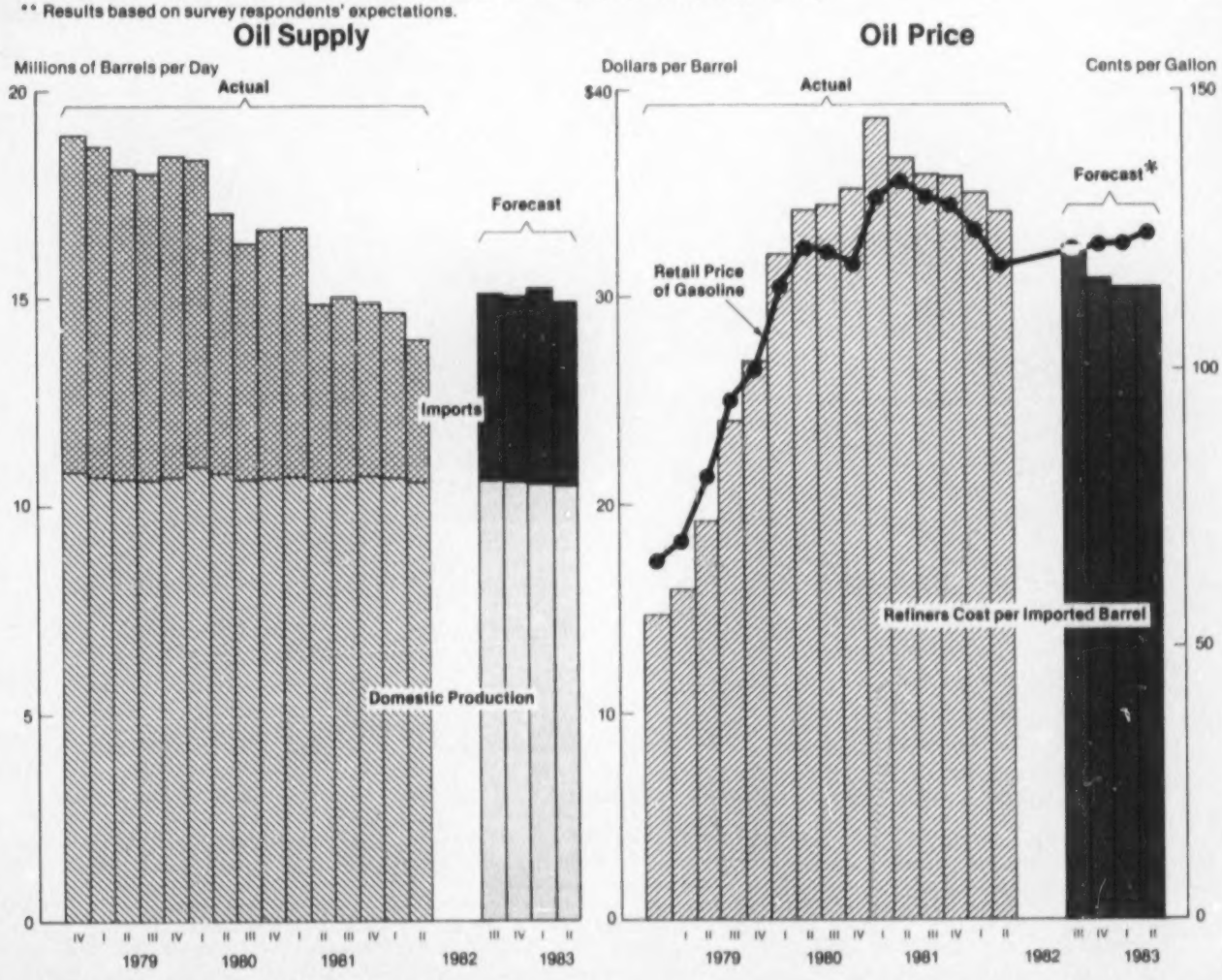
	1980	1981				1982		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1981 Actual	1982 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	26.151	27.696	28.060	26.938	22.992	25.767	20.039	2	—11
Capital expenditures	22.801	24.057	24.580	26.217	26.174	26.924	26.315	15	1
Change in appropriations backlog*	+ 2.606	+ 2.714	+ 2.736	+ 1.164	—4.602	—1.629	—8.149		
Durable Goods									
New appropriations	10.724	9.705	11.488	11.549	9.532	8.446	7.600	—5	—13
Capital expenditures	10.477	10.323	10.405	11.079	10.965	11.161	11.006	4	—3
Change in appropriations backlog*	+ 0.305	—0.702	+ 0.757	+ 0.964	—1.953	—2.994	—4.176		
Nondurable Goods									
New appropriations	15.427	17.991	16.572	15.389	13.460	17.321	12.439	7	—11
Capital expenditures	12.324	13.734	14.175	15.138	15.209	15.763	15.309	24	5
Change in appropriations backlog*	+ 2.301	+ 3.416	+ 1.979	+ 0.200	—2.649	+ 1.365	—3.973		
ELECTRIC & GAS UTILITIES									
New appropriations	11.129	10.300	12.679	10.163	8.401	8.665			
Capital expenditures	8.291	7.698	8.002	8.576	8.947	8.678			
Change in appropriations backlog*	—1.288	+ 1.868	+ 4.281	—6.870	—6.195	—5.369			

Note: Historical data from 1953 (manufacturing) and from 1956 (utilities) are available on request.

r—revised p—preliminary

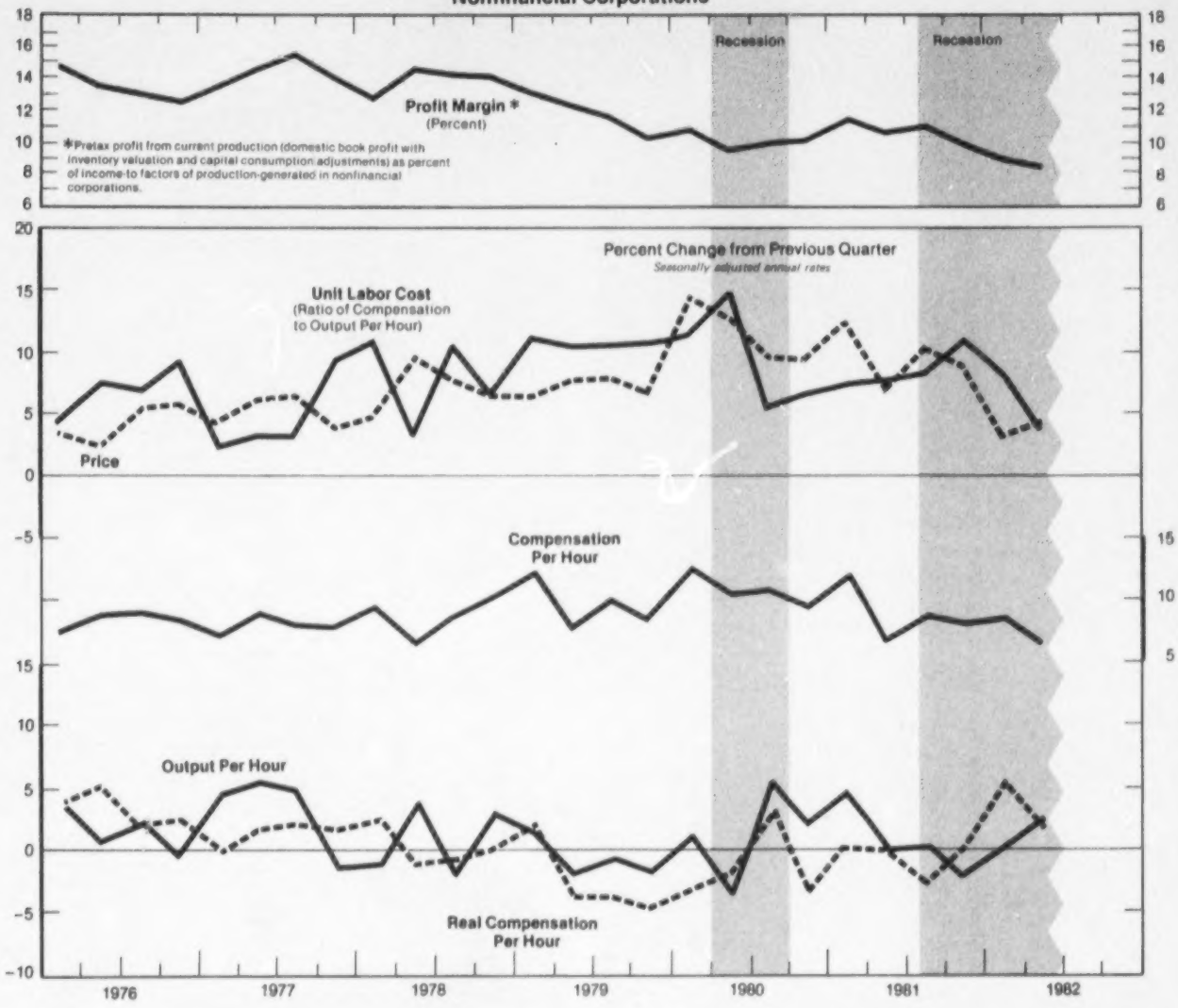
* Change in Backlog = New Appropriations — (Expenditures + Cancellations + Other Adjustments).

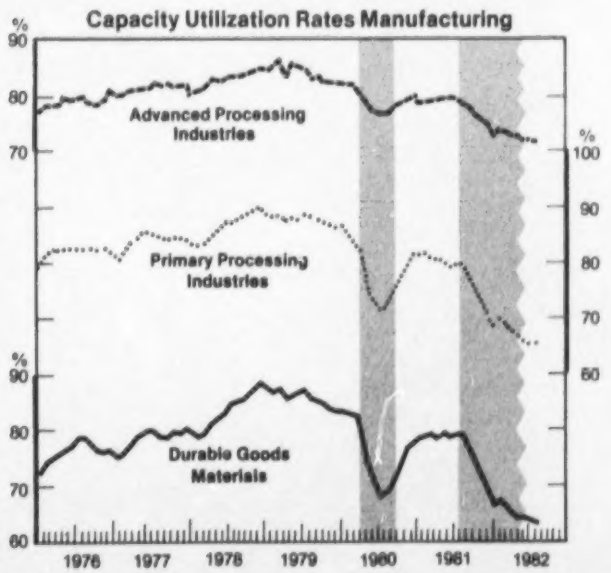
** Results based on survey respondents' expectations.

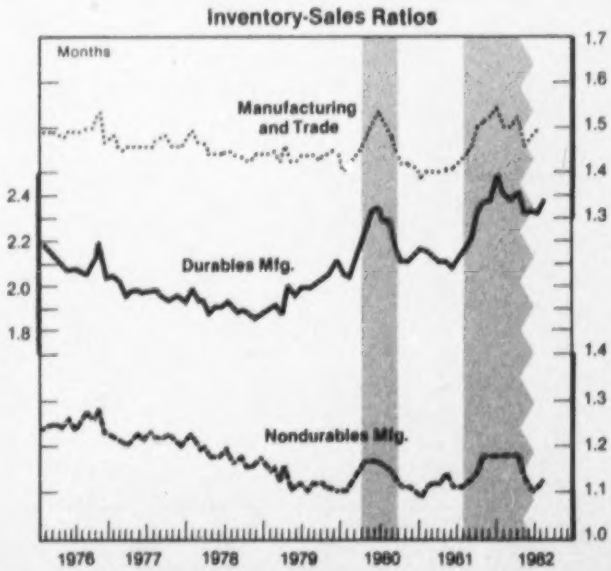


*Source of forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin,
Nonfinancial Corporations







ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[1]		Kent Economic Institute[2]		Georgia State University[2]	
Date of Forecast			*Aug., 1982*		*Aug., 1982*		*Sept., 1982*		*Sept., 1982*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1982**	**II**					**$3045.2**	**6.8%**	**$3045.2**	**6.8%**
Forecast		III	$3073.9	4.4%	$3104.6	8.6%	3089.9	6.0	3095.7	6.8
		IV	3115.4	5.5	3177.6	9.7	3164.4	10.0	3163.8	9.1
	1983	I	3176.5	8.1	3237.0	7.7	3245.6	10.7	3256.2	12.2
		II	3262.4	11.3	3299.4	7.9	3328.5	10.6	3334.7	10.0
		III	3356.2	12.0	3394.3	12.0	3405.9	9.6	3412.8	9.7
		IV	3461.3	13.1	3493.9	12.3	3494.5	10.8	3501.4	10.8
	1984	I	3558.9	11.8	3586.6	11.0	3594.7	12.0	3576.9	8.9
		II	3641.8	9.6	3674.9	10.2	3712.4	13.8	3641.3	7.4
		III	3710.1	7.7			3827.4	13.0	3723.2	9.3
	1982	Annual	3056.5	4.0	3079.7	4.8	3073.7	4.6	3075.0	4.7
	1983	Annual	3314.1	8.4	3356.1	9.0	3368.6	9.6	3376.3	9.8
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1982**	**II**					**$1478.4**	**2.1%**	**$1478.4**	**2.1%**
Forecast		III	$1471.1	−1.1%	$1483.0	2.1%	1481.9	1.0	1471.0	−2.0
		IV	1472.6	0.4	1498.5	4.2	1488.5	1.8	1480.8	2.7
	1983	I	1482.9	2.8	1505.3	1.8	1504.0	4.2	1501.9	5.8
		II	1506.1	6.4	1512.4	1.9	1517.1	3.5	1514.5	3.4
		III	1531.1	6.8	1532.6	5.5	1530.7	3.8	1530.1	4.2
		IV	1557.2	7.0	1554.7	5.9	1548.3	4.7	1543.3	3.5
	1984	I	1580.7	6.2	1574.6	5.2	1560.2	3.1	1552.1	2.3
		II	1595.9	3.9	1589.9	3.9	1578.4	4.7	1556.0	1.0
		III	1605.3	2.4			1594.1	4.0	1564.9	2.3
	1982	Annual	1472.4	−2.0	1481.9	−1.4	1479.9	−1.5	1475.2	−1.8
	1983	Annual	1519.3	3.2	1526.2	3.0	1525.0	3.1	1522.4	3.2
Gross National Product Deflator Index, 1972 = 100										
Actual	**1982**	**II**					**206.0**	**4.8%**	**206.0**	**4.8%**
Forecast		III	209.0	5.6%	209.3	6.4%	208.5	5.0	210.4	9.0
		IV	211.6	5.1	212.1	5.3	212.6	6.1	213.7	6.2
	1983	I	214.2	5.1	215.0	5.8	215.8	6.2	216.8	6.0
		II	216.6	4.6	218.2	5.9	219.4	6.8	220.2	6.4
		III	219.2	4.9	221.5	6.2	222.5	5.8	223.0	5.3
		IV	222.3	5.7	224.7	6.0	225.7	5.9	226.9	7.1
	1984	I	225.1	5.3	227.8	5.5	230.4	8.6	230.5	6.5
		II	228.2	5.5	231.1	6.0	235.2	8.6	234.0	6.3
		III	231.1	5.2			240.1	8.6	237.9	6.8
	1982	Annual	207.6	5.2	207.8	6.3	207.7	6.2	208.4	6.6
	1983	Annual	218.1	5.1	219.9	5.8	220.9	6.3	221.8	6.4
Unemployment Rate										
Actual	**1982**	**II**	**9.5%**		**9.5%**		**9.5%**		**9.5%**	
Forecast		III	9.8		9.8		9.9		9.9	
		IV	9.8		9.6		9.8		10.1	
	1983	I	9.9		9.5		9.3		10.0	
		II	9.6		9.5		8.8		9.8	
		III	9.3		9.3		8.2		9.6	
		IV	8.9		9.1		7.9		9.4	
	1984	I	8.5		8.8		7.8		9.1	
		II	8.2		8.6		7.5		9.1	
		III	7.9				7.3		9.0	
	1982	Annual	9.5		9.4		9.5		9.6	
	1983	Annual	9.4		9.3		8.6		9.7	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (first revision) second quarter data.

[2]Based on revised (second revision) second quarter data.

ECONOMIC FORECASTS (continued)

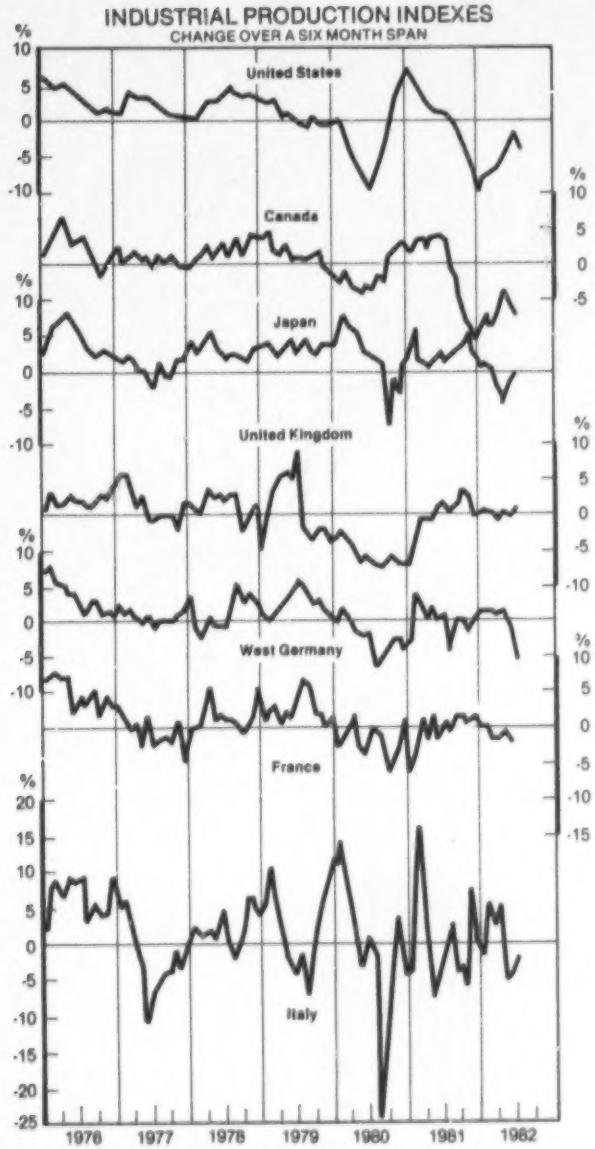
The Conference Board[1]		Chase Econometric Associates, Inc.[2]		Data Resources Inc.[3]		Wharton E.F.A. Inc.[4]				
Sept., 1982		Sept., 1982		Sept., 1982		Sept., 1982				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change	Gross National Product Billions of Current Dollars		
$3045.2	6.8%	$3045.2	6.8%	$3045.2	6.8%	$3045.2	6.8%	II	1982	Actual
3090.0	6.0	3099.7	7.4	3097.4	7.0	3099.9	7.4	III		Forecast
3161.0	9.5	3178.6	10.6	3168.3	9.5	3186.6	8.9	IV		
3246.0	11.2	3255.2	10.0	3234.2	8.6	3242.4	9.9	I	1983	
3341.0	12.2	3327.7	9.2	3307.7	9.4	3318.3	9.7	II		
3423.0	10.2	3408.3	10.0	3384.6	9.6	3404.0	10.7	III		
3501.0	9.4	3487.8	9.7	3475.3	11.2	3498.9	11.6	IV		
		3586.0	11.7	3554.5	9.4	3589.0	10.7	I	1984	
		3676.3	10.5	3646.8	10.8	3684.5	11.1	II		
		3759.0	9.3	3744.3	11.1	3781.3	10.9	III		
3072.9	4.6	3079.7	4.8	3076.6	4.7	3076.8	4.7	Annual	1982	
3377.7	9.9	3369.7	9.4	3350.4	8.9	3365.9	9.4	Annual	1983	
								Gross National Product Billions of Constant (1972) Dollars		
$1478.4	2.1%	$1478.4	2.1%	$1478.4	2.1%	$1478.4	2.1%	II	1982	Actual
1481.9	1.0	1483.1	1.3	1481.3	0.8	1483.2	1.3	III		Forecast
1493.8	3.3	1500.5	4.8	1492.1	2.9	1492.1	2.4	IV		
1510.6	4.6	1513.3	3.5	1503.2	3.0	1507.3	4.1	I	1983	
1529.9	5.2	1524.6	3.0	1515.5	3.3	1522.2	4.0	II		
1543.1	3.5	1539.3	3.9	1530.1	3.9	1540.6	4.9	III		
1556.3	3.5	1552.8	3.6	1547.4	4.6	1558.7	4.8	IV		
		1571.2	4.8	1560.1	3.3	1576.5	4.6	I	1984	
		1583.5	3.2	1577.7	4.6	1594.0	4.5	II		
		1596.8	3.4	1595.9	4.7	1612.9	4.8	III		
1481.2	−1.4	1483.2	−1.3	1480.6	−1.5	1481.1	−1.4	Annual	1982	
1535.0	3.6	1532.5	3.3	1524.0	2.9	1532.2	3.5	Annual	1983	
								Gross National Product Deflator Index, 1972 = 100		
206.0	4.8%	206.0	4.8%	206.0	4.8%	206.0	4.8%	II	1982	Actual
208.5	5.0	209.0	6.0	209.1	6.2	209.0	6.0	III		Forecast
211.6	6.1	211.8	5.5	212.3	6.3	212.2	6.3	IV		
214.9	6.3	215.1	6.3	215.2	5.4	215.1	5.6	I	1983	
218.4	6.7	218.3	6.0	218.3	5.9	218.0	5.5	II		
221.8	6.5	221.4	5.9	221.2	5.5	221.0	5.5	III		
225.0	5.8	224.6	5.3	224.6	6.3	224.5	6.5	IV		
		228.2	6.6	227.8	5.9	227.7	5.8	I	1984	
		232.2	7.1	231.1	5.9	231.1	6.3	II		
		235.4	5.7	234.6	6.1	234.4	5.8	III		
207.5	6.1	207.6	6.2	207.8	6.3	207.7	6.3	Annual	1982	
220.1	6.1	219.9	5.9	219.8	5.8	219.7	5.7	Annual	1983	
								Unemployment Rate		
9.5%		9.5%		9.5%		9.5%		II	1982	Actual
10.1		9.8		9.9		9.9		III		Forecast
10.0		9.9		9.7		10.0		IV		
9.8		9.8		9.6		9.7		I	1983	
9.4		9.7		9.4		9.5		II		
9.2		9.5		9.1		9.2		III		
9.0		9.4		8.9		9.2		IV		
		9.1		8.8		9.1		I	1984	
		8.9		8.6		8.9		II		
		8.8		8.4		8.6		III		
9.6		9.5		9.5		9.5		Annual	1982	
9.3		9.6		9.2		9.4		Annual	1983	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

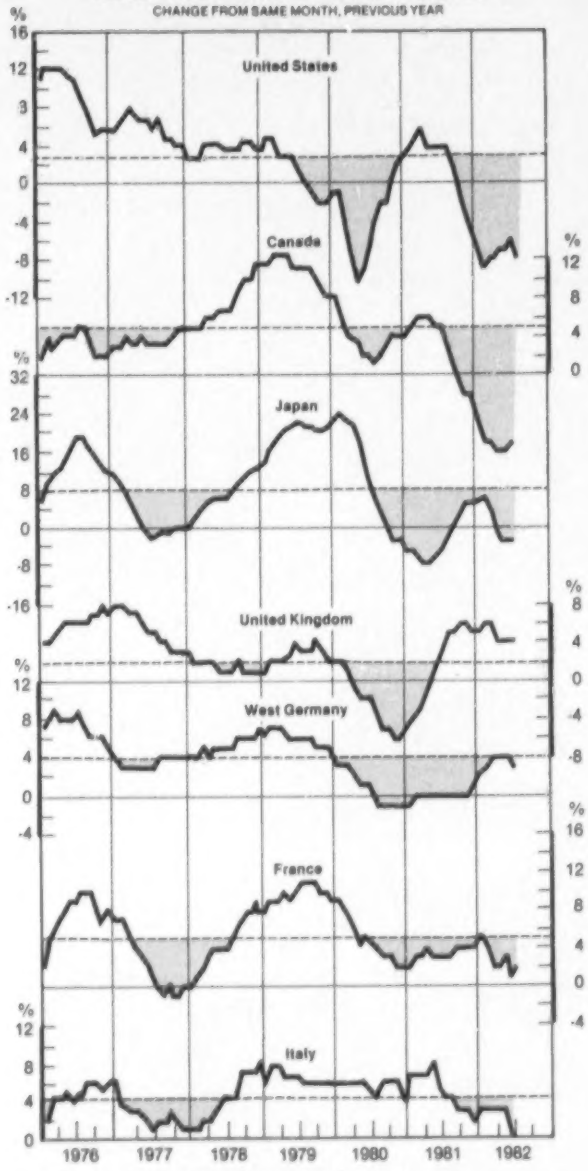
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



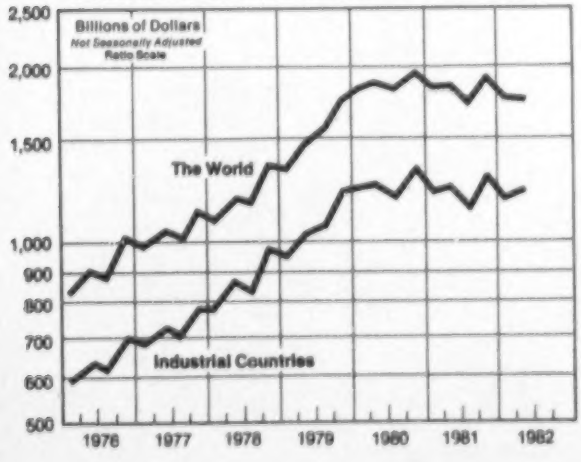
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM SAME MONTH, PREVIOUS YEAR

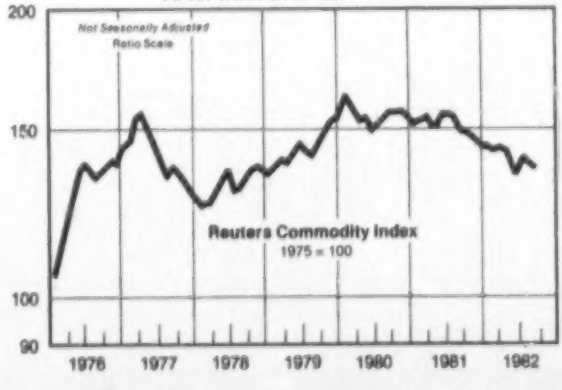


Source: Center for International Business Cycle Research, Rutgers University

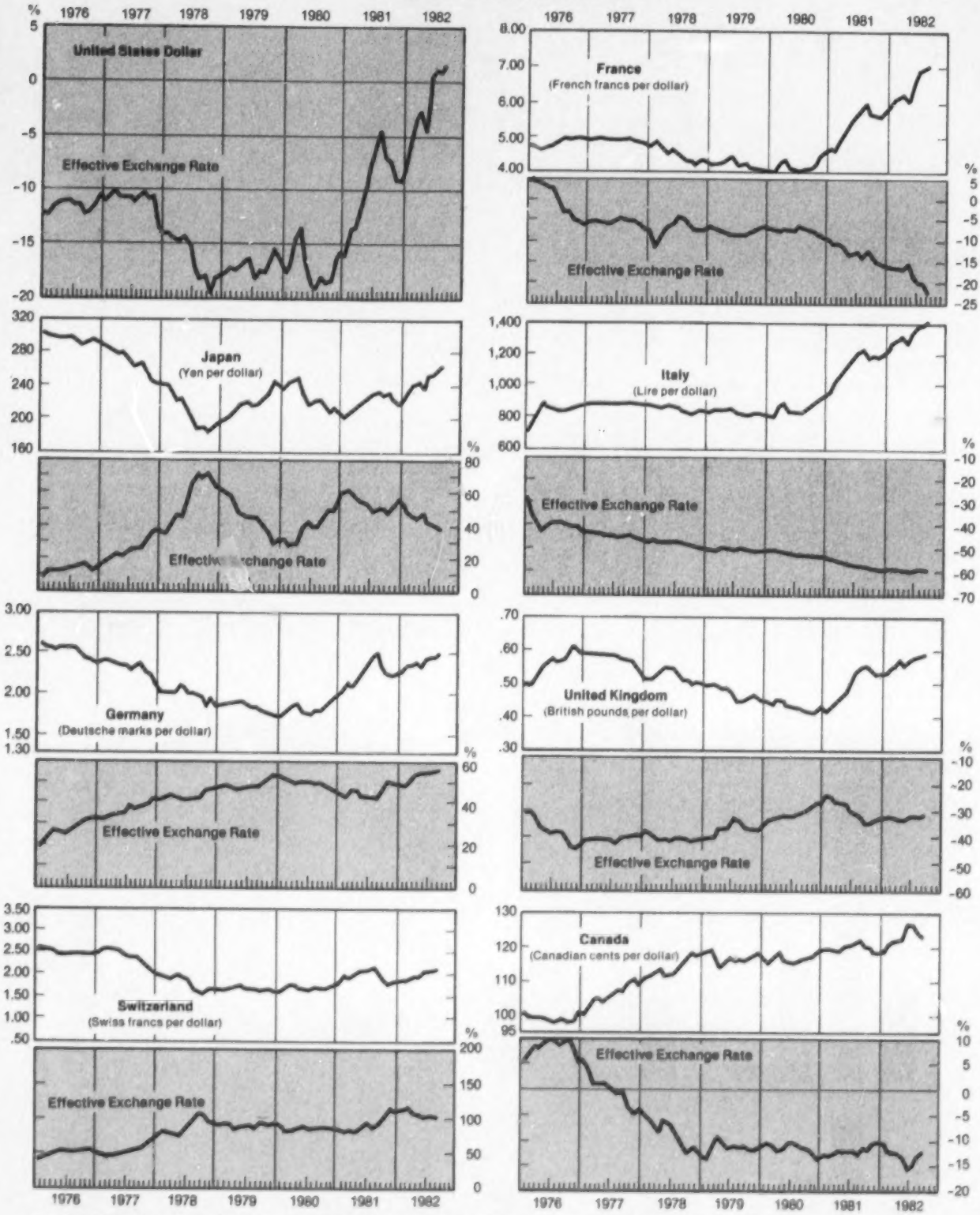
MERCHANDISE TRADE: VALUE OF EXPORTS



RAW MATERIALS PRICES



FOREIGN EXCHANGE RATES



Effective Exchange Rate for each country indicates changes vis-à-vis a group of 15 major currencies, weighted according to the average bilateral manufactures trade of 1976. Changes are in percent from pre-June 1970 parities, based on monthly averages of daily rates.

Source: Morgan Guaranty Trust

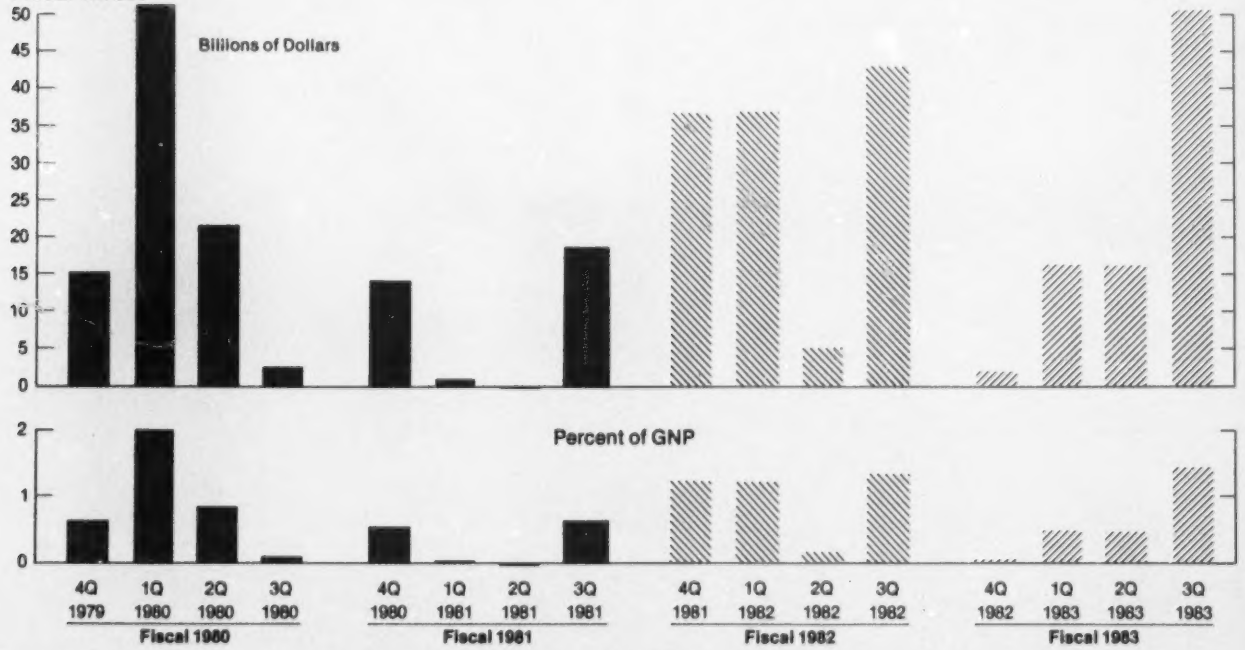
PERSPECTIVE ON THE FEDERAL BUDGET

($ Billions)

	Fiscal 1982		Fiscal 1983		
	President's Proposal (2/8/82)	*First Budget Resolution (6/18/82)*	*Current Services (2/8/82)*	*President's Proposal (2/8/82)*	*First Budget Resolution (6/18/82)*
Receipts	**$626.8**	**$628.4**	**$653.3**	**$666.1**	**$665.9**
Outlays	**725.3**	**734.1**	**779.3**	**757.6**	**769.8**
Deficit	**—98.6**	**—105.7**	**—126.0**	**—91.5**	**—103.9**
Receipts by source	**626.8**	**628.4**	**653.3**	**666.1**	**665.9**
Individual income taxes	298.6		301.0	304.5	
Corporate income taxes	46.8		56.2	65.3	
Social insurance	206.5		223.6	222.5	
Other receipts	74.9		72.5	73.8	
Outlays by function	**725.3**	**734.1**	**779.1**	**757.6**	**769.8**
Income security	250.9	250.3	271.5	261.7	270.9
National defense	187.5	187.6	202.3	221.1	214.0
Health	73.4	73.7	82.5	78.1	77.8
Veterans' benefits	24.2	23.8	24.9	24.4	23.8
Education and manpower	27.8	28.1	26.7	21.6	26.2
Transportation	21.2	21.3	20.9	19.6	19.9
International affairs	11.1	11.4	11.7	12.0	11.5
Natural resources and environment	12.6	12.8	10.7	9.9	11.0
Agriculture	8.6	13.8	4.5	4.5	9.0
General science	6.9	7.0	7.6	7.6	7.6
Community development	8.4	8.5	7.3	7.3	7.7
Revenue sharing	6.4	6.3	6.6	6.7	6.5
General government	5.1	5.0	4.8	5.0	4.7
Justice	4.5	4.6	4.8	4.6	4.7
Energy	6.4	6.4	5.5	4.2	4.5
Commerce and housing credit	3.3	3.8	3.6	1.6	2.8
Interest	99.1	100.7	115.1	112.5	113.2
Allowances	—0.6	0.8	1.5	—1.3	—2.8
Undistributed offsetting receipts	—31.5	—31.7	—33.4	—43.5	—43.1

Sources: Office of Management and Budget; Congressional Budget Office.

Fiscal Thrust



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York: 1980

Money Supply and Monetary Growth Targets

Billions of Dollars
Seasonally Adjusted
Ratio Scale
M2: M1 plus time and savings deposits
Annual Growth Rate from Feb. through Aug: 10.9%
(Federal Reserve's 1982 Target Growth Rate is 6-9%)
Annual Growth Rate from Mar. through Sept. 5.4%
(Federal Reserve's 1982 Target Growth Rate is 2.5-5.5%)
M1: Demand deposits plus currency
Monetary Base: Currency plus bank deposits at Federal Reserve
Annual Growth Rate from Mar. through Sept: 7.4%
Percent
Not Seasonally Adjusted
Federal Funds Rate
1980
1981
1982

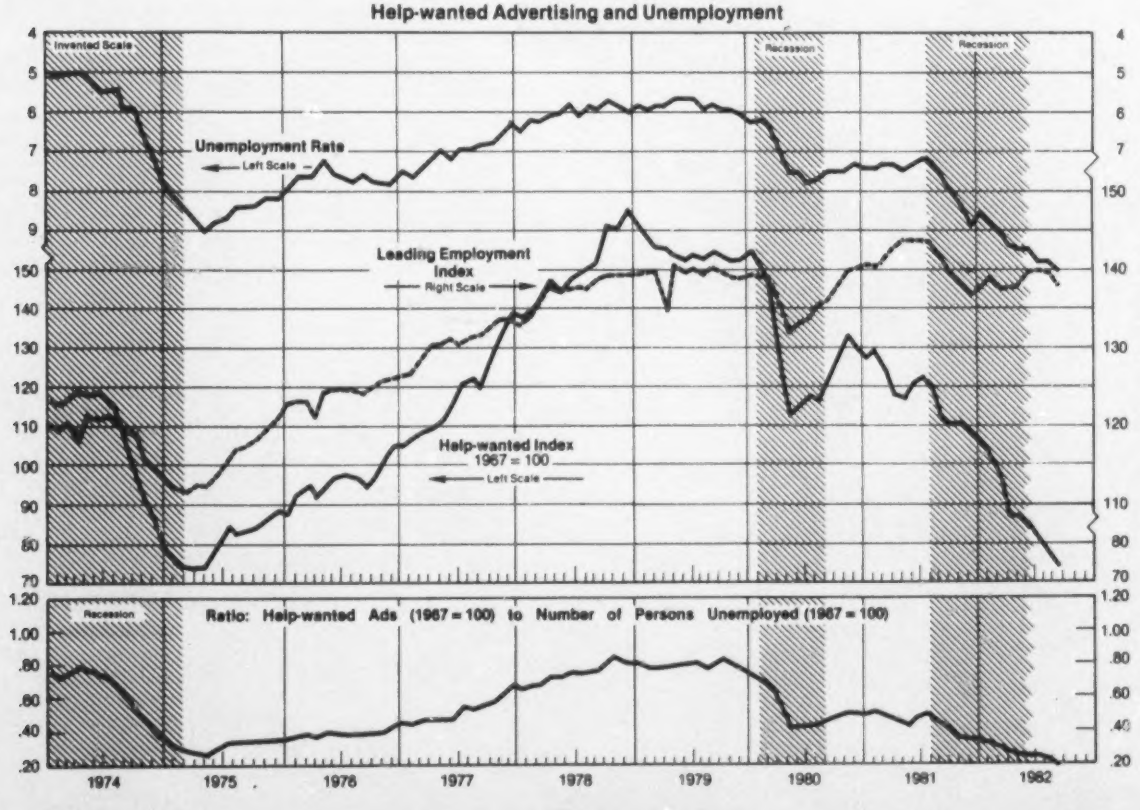
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1982			1981
	Aug.	July	June	Aug.
Total Index 51 papers	78	83	85	119
New England	81	86	85	106
Boston	90	96	95	114
Hartford	86	85	83	121
Providence	47	54	52	66
Middle Atlantic	45	46	48	60
Albany	72	73	78	85
Allentown	75	113	89	93
New York	41	41	44	55
Philadelphia	40	42	39	58
Pittsburgh	44	48	47	69
Rochester	50	55	53	51
Syracuse	66	70	87	72
East North Central	43	45	46	67
Chicago	41	44	45	67
Cincinnati	59	59	60	84
Cleveland	39	42	43	63
Columbus	66	70	67	95
Dayton	41	42	45	59
Detroit	30	32	32	52
Gary	81	98	108	112
Indianapolis	47	49	41	72
Milwaukee	31	37	33	54
Toledo	72	63	65	94
West North Central	42	46	47	67
Kansas City	54	65	66	87
Minneapolis	31	38	39	63
Omaha	82	74	76	100
St. Louis	35	35	37	50
South Atlantic	83	88	87	118
Atlanta	126	138	134	175
Baltimore	66	64	67	87
Charlotte	69	76	76	106
Jacksonville	110	118	117	143
Miami	61	63	60	106
Richmond	50	54	55	68
Washington, D. C.	85	90	88	117
East South Central	75	85	88	105
Birmingham	80	90	99	120
Knoxville	132	143	155	186
Louisville	43	45	47	60
Memphis	70	70	78	99
Nashville	82	112	99	106
West South Central	196	214	227	319
Dallas	204	219	229	270
Houston	282	312	332	486
New Orleans	114	122	132	192
Oklahoma City	141	152	170	262
San Antonio	136	136	144	189
Tulsa	116	134	141	266
Mountain	145	153	160	242
Denver	104	118	120	209
Phoenix	175	182	185	266
Salt Lake City	181	180	203	272
Pacific	114	115	120	181
Los Angeles	94	91	96	159
Sacramento	192	197	203	262
San Bernardino	88	91	89	142
San Diego	203	221	207	314
San Francisco	115	118	132	179
Seattle	125	125	125	179
Percentage of papers with rising volume	12%	35%	27%	18%
Unemployment rate	9.8%	9.8%	9.5%	7.3%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
n.a.—not available r—revised

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1980	76.0	74.1	71.2	53.6	45.1	54.1	62.9	67.5	75.1	76.7	79.9	68.0
1981	70.0	63.5	71.8	75.0	79.9	79.6	78.6	78.6	70.4	67.4	61.6	59.4
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	53.5p			

Buying Plans Index

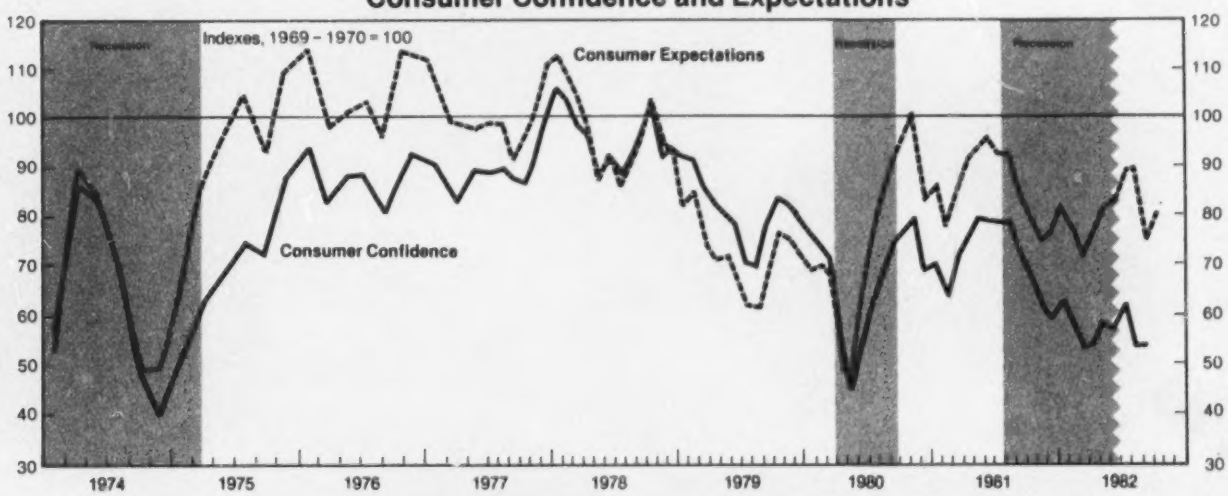
1980	97.3	107.6	115.7	84.5	78.1	94.3	92.9	86.6	99.2	91.8	94.2	89.2
1981	87.5	90.5	98.0	85.9	84.8	89.5	78.7	96.7	90.3	86.2	89.8	99.2
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0r	74.7p			

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



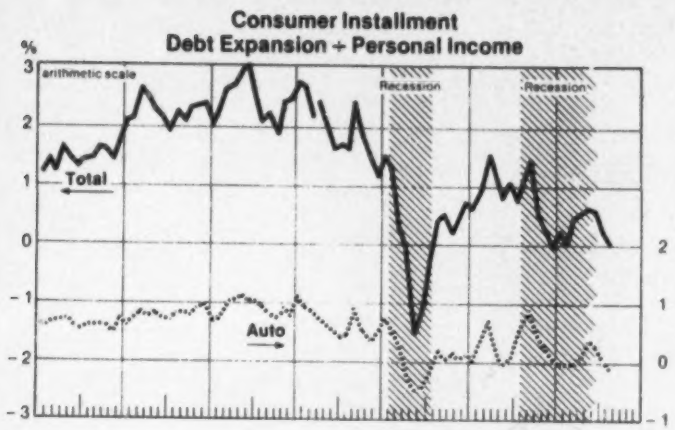
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

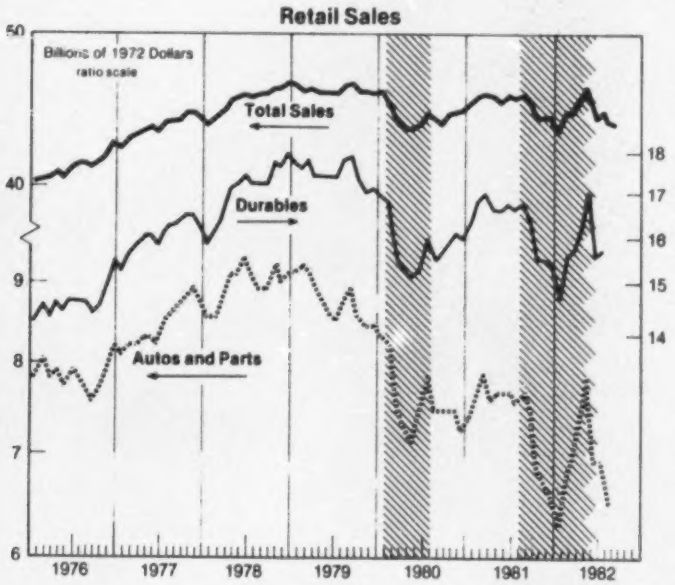
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	I	$1562.7	$547.6	$390.9	$156.7	71.4%	25.0%	14.6%	9.9%
	II	1660.0	609.4	412.0	197.4	67.6	24.8	16.4	10.0
	III	1688.5	602.6	421.7	180.9	70.0	25.0	15.3	9.2
	IV	1729.0	615.0	437.8	177.2	71.2	25.3	14.4	9.0
1979	I	1769.0	628.7	437.6	191.1	69.6	24.7	14.1	8.3
	II	1841.2	657.7	433.3	224.4	65.9	23.5	16.0	10.4
	III	1868.5	652.6	449.3	203.3	68.8	24.0	14.4	9.3
	IV	1905.8	643.4	466.4	177.1	72.5	24.5	13.1	9.0
1980	I	1990.4	683.1	482.0	201.1	70.6	24.2	14.3	10.5
	II	1935.0	591.5	451.4	140.1	76.3	23.3	12.0	11.9
	III	2055.7	665.1	468.6	196.5	70.5	22.8	14.5	11.5
	IV	2131.0	717.6	493.3	224.3	68.7	23.1	14.2	10.6
1981	I	2169.2	723.2	522.0	201.2	72.2	24.1	12.9	9.9
	II	2212.6	715.5	517.0	198.5	72.3	23.4	13.7	10.3
	III	2293.4	741.9	527.3	214.6	71.1	23.0	14.2	11.4
	IVr	2296.7	727.9	521.9	206.0	71.7	22.7	13.2	12.1
1982	Ip	2323.6	730.4	534.0	196.4	73.1	23.0	12.5	10.5

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin.*

P—Preliminary R—Revised



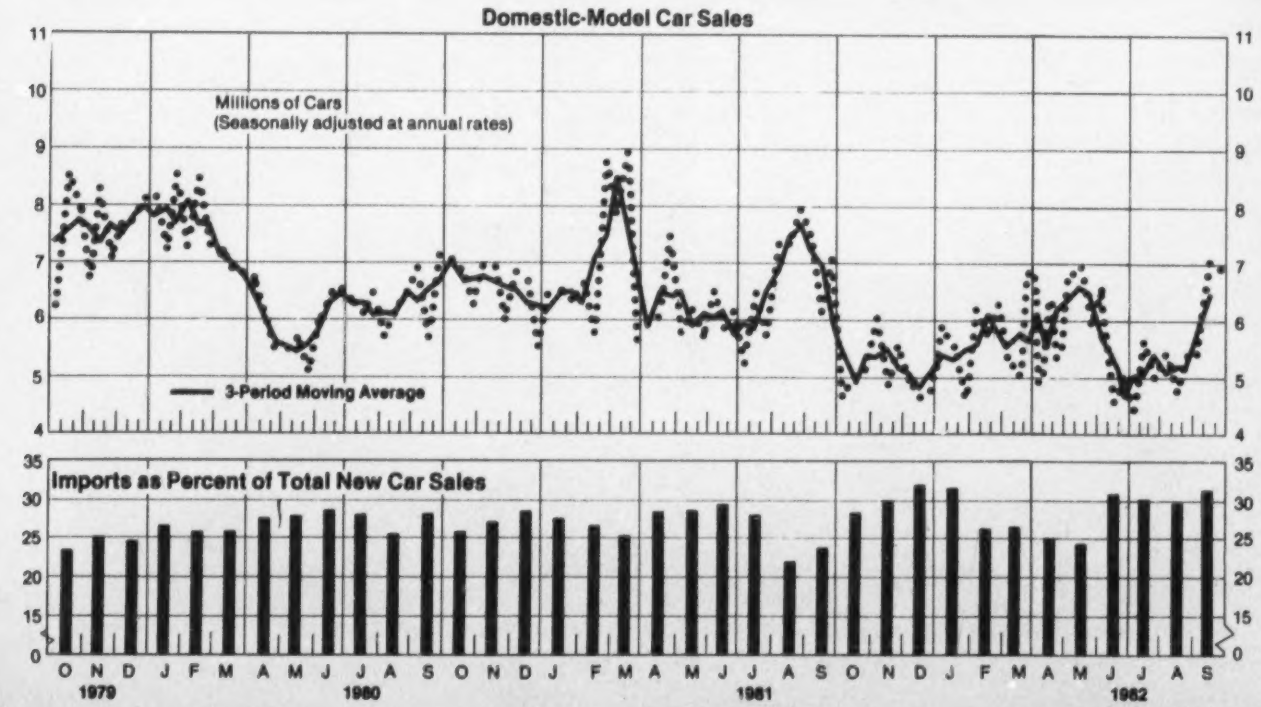


CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1979	1980	1981	1982
January:	1-10	9.60	8.11	6.48	5.87
	11-20	9.54	7.19	6.56	5.53
	21-31	9.25	8.58	6.33	4.70
February:	1-10	9.34	7.21	6.63	6.19
	11-20	9.26	8.46	5.79	5.75
	21-28(29)	8.94	7.24	8.80	6.33
March:	1-10	8.94	7.20	7.81	5.36
	11-20	9.43	6.88	8.93	5.04
	21-31	8.46	6.83	5.63	6.89
April:	1-10	9.44	6.73	5.94	4.91
	11-20	7.91	5.92	6.01	6.38
	21-30	8.60	5.45	7.52	5.36
May:	1-10	8.61	5.44	5.75	6.85
	11-20	7.54	5.69	6.20	6.98
	21-31	8.47	5.09	5.69	5.98
June:	1-10	7.12	5.94	6.51	6.52
	11-20	7.69	6.43	5.88	4.59
	21-30	6.92	6.50	6.15	5.00
July:	1-10	8.18	6.34	5.24	4.42
	11-20	7.86	6.11	6.48	5.62
	21-31	8.93	6.49	5.73	5.01
August:	1-10	8.17	5.65	7.37	5.40
	11-20	10.82	6.16	7.35	4.76
	21-31	8.62	6.46	7.97	5.37
September:	1-10	9.46	6.92	7.53	5.40
	11-20	9.36	5.61	6.14	7.01
	21-30	7.27	7.16	7.10	6.91
October:	1-10	6.23	7.06	4.65	
	11-20	8.51	6.86	5.03	
	21-31	7.98	6.26	5.14	
November:	1-10	6.71	6.97	6.01	
	11-20	8.15	6.97	4.86	
	21-30	7.09	5.98	5.58	
December:	1-10	7.68	6.83	4.96	
	11-20	7.72	6.73	4.66	
	21-31	8.07	5.49	4.78	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board.



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STATISTICAL REFERENCE INDEX
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STATISTICAL BULLETIN

Volume 15 No. 10, November, 1982

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The Conference Board

COMMENT

Economy watching has become something of a waiting game. Obviously, the consumer-led recovery will not begin without the consumer, but indications are that the widely expected surge in consumer buying has been delayed. The delay results, in part, from consumer confidence being badly shaken by steep and continuous increases in unemployment. It also stems from the fact that, even though interest rates in general are now much lower than they were this past Summer, consumer-loan rates have been very slow to move down. The cyclical momentum that most economy watchers think should be carrying activity higher is apparently still bumping into a brick wall of high real-interest rates.

At the beginning of 1982, the consensus of the *Economic Forecasts* was that real output would rise by 4% from the fourth quarter of 1982 to the fourth quarter of 1983, that inflation would be only about 7% in this period, and that the unemployment rate would be just over 8% at the end of the period. As indicated in the accompanying chart, expectations for real growth in 1983 have been very consistent throughout the past year, but the inflation outlook has been steadily revised downward to about 6%, a full percent lower than originally projected. The biggest change in the outlook, however, has been in that for unemployment: The potential worsening of unemployment was seriously underestimated by the forecasters and, one may assume, the policy formulators. By September, the *Economic Forecasts* were indicating that the unemployment rate would probably be around 9% in the fourth quarter of 1983, that was revised to 9.4% in October (all estimates are medians of the forecasts).

What these data suggest is that while the consumer was prepared for a steady drum beat of news about tightening in labor-market conditions, the actual news reports have been continuously worse than anticipated. Consumer expectations of near-term economic conditions took a nose dive and the waiting game began—waiting for some solid, concrete evidence that the economy was not in an uninterrupted free fall. In allowing interest rates to decline in the latter part of 1982, the Federal Reserve was acknowledging the slowdown of inflation and, perhaps, signaling markets that restrictive monetary policy having achieved at least part of its task, would give way to a more stimulative posture.

The *Economic Forecasts* now anticipate sluggish growth in the fourth quarter of this year, with recovery beginning in the first quarter of 1983. This view assumes continued lowering of the financial-conditions barrier to cyclical expansion. The general consensus remains one of modest rebound beginning soon but with an uncomfortable preponderance of risks on the downside. If the economic recovery is waiting for the consumer, the attitude surveys suggest that the consumer is waiting for the recovery. The Conference Board's *Consumer Confidence Index* dropped from 61.6 (1969-1970 = 100) in July to 53.7 in August, recovered to only 54.4 in September, then tumbled to 49.2 in October. The survey shows that the very bleak assessment of current conditions has become even more bearish in the latest three months. The appraisal of near-term conditions, which has been improving steadily, has fallen significantly in recent months. The consumer remains cautious—especially with respect to making long-term commitments on installment plans—and is clearly waiting for some clear signs of economic recovery to relieve the need for caution. However, not much increase in production is likely without stronger final demand.

Given the sizable decline in employment levels in recent months, it is hardly surprising that personal income, adjusted for inflation, fell in August and September—and it is not expected to rise very much in the fourth quarter. On the other hand, the July tax cut was expected to lead to a big jump in the saving rate in the third quarter. It did not and now the probability is that the saving rate will fall in the fourth quarter. That suggests consumers are going to spend a little more of their income. Also, credit use is no longer dropping. The ratio of Consumer Installment Debt Expansion to Personal Income was rising modestly in the Spring, but then leveled off in June and July and fell sharply in August. In September, however, it returned to the rate of last Spring. In sum, consumers could be said to have the means, but little inclination, for some modest rise in buying.

Retail sales, adjusted for inflation, fell badly this Summer. The drop was more pronounced in durable goods—a category frequently financed by installment credit. In September and October, however, real retail sales improved, although they remain below the levels of last Spring. New domestic *Automobile Sales* improved a little in September, no doubt aided by the introduction of the new models. The improvement, unfortunately, proved to be short-lived. The average annual selling rate for September was about 6 ½ million cars, but it fell to just over 5 million in October—the same

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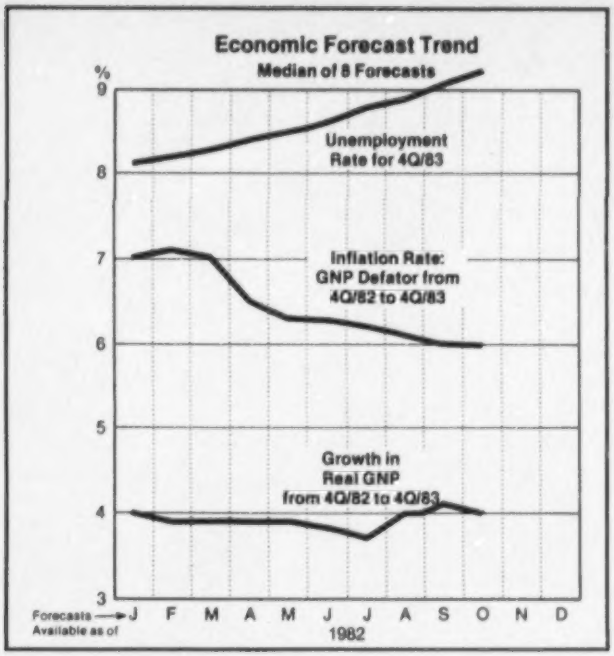


rate that prevailed in July and August. The modest recovery scenario in the *Economic Forecasts* implies that domestic-model sales might hit 8 ½ million, perhaps even a little more than that, in 1983. The industry's break-even point is considerably below that figure, perhaps by more than a million cars. Given the inroads that foreign models have achieved—their sales have been running a little over a 2-million rate in recent months—prospects for returning to the pre-recession domestic selling rate of 9 to 10 million cars do not appear to be great.

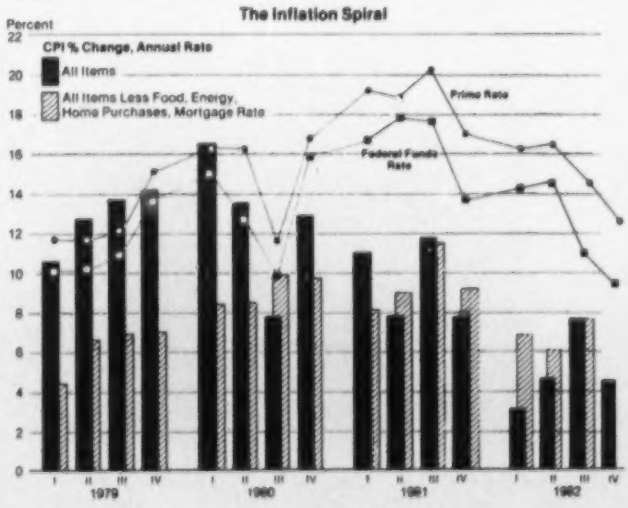
Inventory/sales ratios were declining throughout the first half of 1982, but have begun to rise in the last few months. Sales may no longer be declining but remain too low to sustain even the very curtailed current level of production. Hence, inventory has begun to pile up somewhat. As a result, industrial production fell more sharply in October than in any month since last April. In fact, industrial production was almost 12% lower in October, 1982, than the peak level reached in July, 1981. The very steep decline in production, mirrored in the drop in capacity-utilization rates, has resulted in very substantial layoffs in the goods- producing sector of the economy. That, together with some decline in service-sector employment, has fueled the persistent rise in unemployment which has so devastated consumer spirits.

The composite index of *Leading Economic Indicators* rose in September, the fifth increase in the last six months, for a cumulative rise of about 4 percent. An improvement of that size and duration strongly indicates that there is, indeed, gathering cyclical momentum in the system. And up until only two months ago, the median of the *Economic Forecasts* was for a rise in real GNP of just under 4% (seasonally adjusted annual rate) in the fourth quarter of 1982. The current, more somber, view is that the rise in real output this quarter is between 0.7% and 2.8%, with a median of 1.6 percent. The median of the forecasts is that the growth rate will average 3 ½% in the first half of 1983, reach a high of 5.3% in the third quarter, then ease off to 4.7% in the fourth quarter. Prospects are that growth will continue a little above 4% in 1984. The more pessimistic view is that the recovery will start later and be considerably more subdued than that.

The median of the *Economic Forecasts* is that the inflation rate will remain at about 6% through the end of 1984 (the forecast horizon). None of the forecasts indicates it will be higher than 7% by the end of 1983, although a few suggest it might go a little higher than that in 1984.

Although the unemployment rate reached 10.4% in October, it is beginning to look as if the rate may begin to level off. Initial claims for unemployment insurance and the total number receiving unemployment checks began to stabilize in early November. Also, The Conference Board's *Help-wanted Index* fell sharply again in September—but early indications are that it may have risen by 2 or 3 points in October. If so, it would be the first increase in want-ad volume since the recession began. The median of the *Economic Forecasts* is that the unemployment rate will average 10.3% in the fourth quarter of 1982 and 10.2% in the first quarter of 1983. The median view is that it will drop to 9.4% by the end of 1983 and to 8.3% by the end of 1984. The more pessimistic view is that the rate will be 10.5% in the fourth quarter of 1982, still be at 10.2% in the fourth quarter of 1983, and 9.5% in the fourth quarter of 1984. To the extent that a 10% unemployment rate made the 1982 election an unpleasant experience for both winners and losers, the 1984 experience will not be much more agreeable with a rate of 8 ½% or more.

Ken Goldstein

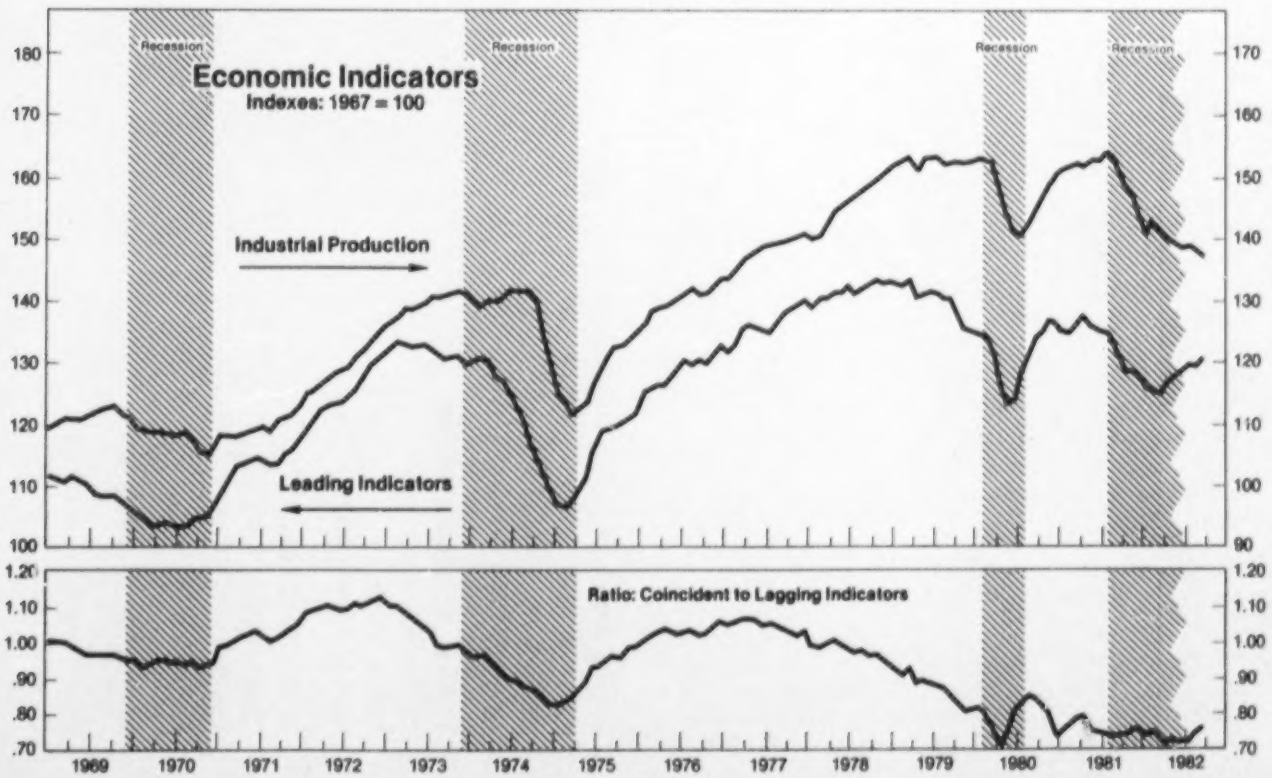


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change from year-ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sept.	X			+ 1.6%	— 0.2%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sept.		X		+ 6.4%	—16.1%
New orders, nondefense capital goods (deflated)	Sept.		X		+ 8.2%	—20.6%
*Net business formation	Dec.			X	— 5.7%	—12.6%
*Housing permits	Sept.		X		+ 8.0%	+ 20.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sept.		X		— 1.3%	— 9.6%
*Change in inventory, on hand & order (deflated)	Aug.	X			+ 5.5%	—20.0%
Purchasing agents' buying policy	Oct.		X		— 4 %	—13 %
*Vendor performance, reported slower deliveries	Sept.		X		+ 2 %	— 3 %
Industrial raw materials prices	Oct.			X	— 0.5%	—15.1%
*Change in sensitive prices	Sept.		X		+ 0.4%	+ 0.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sept.	X			+ 1.4%	+ 4.7%
Change in business loans	Oct.		X		+ 15.2%	+ 11.2%
*Change in liquid assets	Sept.	X			+ 0.5%	+ 0.7%
Change in consumer installment debt	Aug.			X	—16.0%	—28.4%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	— 0.2%	—24.3%
*Common stock prices	Oct.	X			+ 22.5%	+ 11.8%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.			X	— 0.5hr.	— 0.8hr.
*Initial unemployment claims (inverted)	Sept.			X	—21.8%	—38.9%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



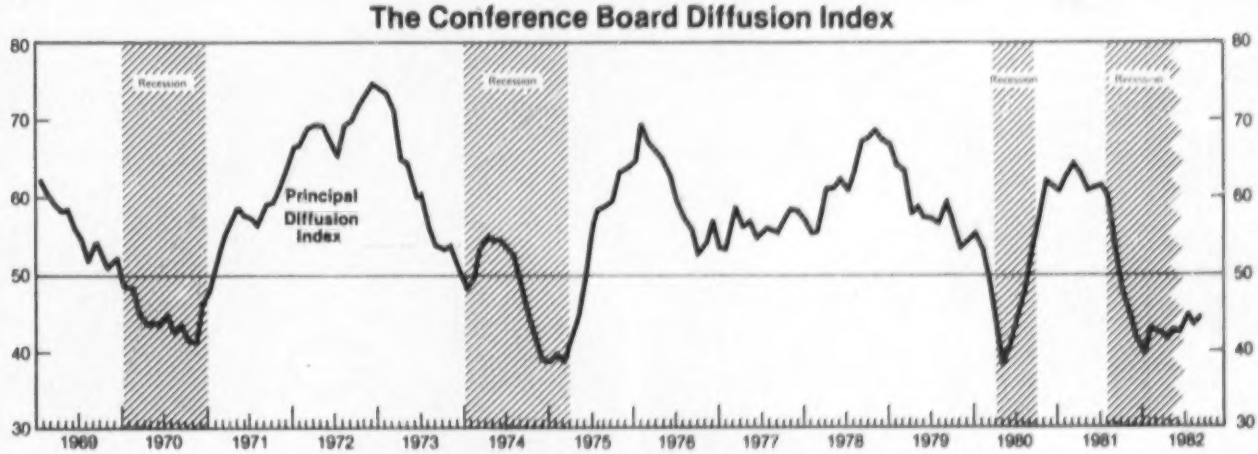
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1981 Sept.	1982 June	July	Aug.	Sept.(e)
Principal Diffusion Index	47.6r	42.2r	44.3r	43.2r	44.4
Auxiliary Diffusion Index	27.8r	48.6r	56.6r	46.7r	53.6
Industrial Group	45.2	30.8r	34.4r	35.2r	35.2
Nonindustrial Group	49.9r	53.7r	54.2r	51.3r	53.5
Sense of Diffusion	—1	0	0	0	0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	50.9	32.5r	41.9r	46.2r	50.9
Labor	38.1	24.0	24.9r	23.2r	19.9
Miscellaneous	54.5	45.5	46.8	48.7	50.0
Nonindustrial Subgroups					
Prices	34.0	41.7	42.9	36.5	38.5
Consumer	77.8	68.4	68.4	63.2	64.1
Building	27.6	40.4	42.3	43.6r	48.7
Miscellaneous	47.6r	55.8r	55.3r	54.3r	56.2

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1980 Feb.	May	Aug.	Nov.	1981 Feb.	May	Aug.	Nov.	1982 Feb.	May	Aug.
	Score (scale 0-100)										
Measure of Business Confidence	40	29	49	63	58	61	57	43	47	52	55
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	36	18	28	59	50	57	48	26	23	30	38
2. Expectations for Economy, Six Months Ahead	38	31	60	67	63	64	63	51	59	64	66
3. Expectations for Own Industry, Six Months Ahead	45	40	60	63	61	61	60	52	58	61	61

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

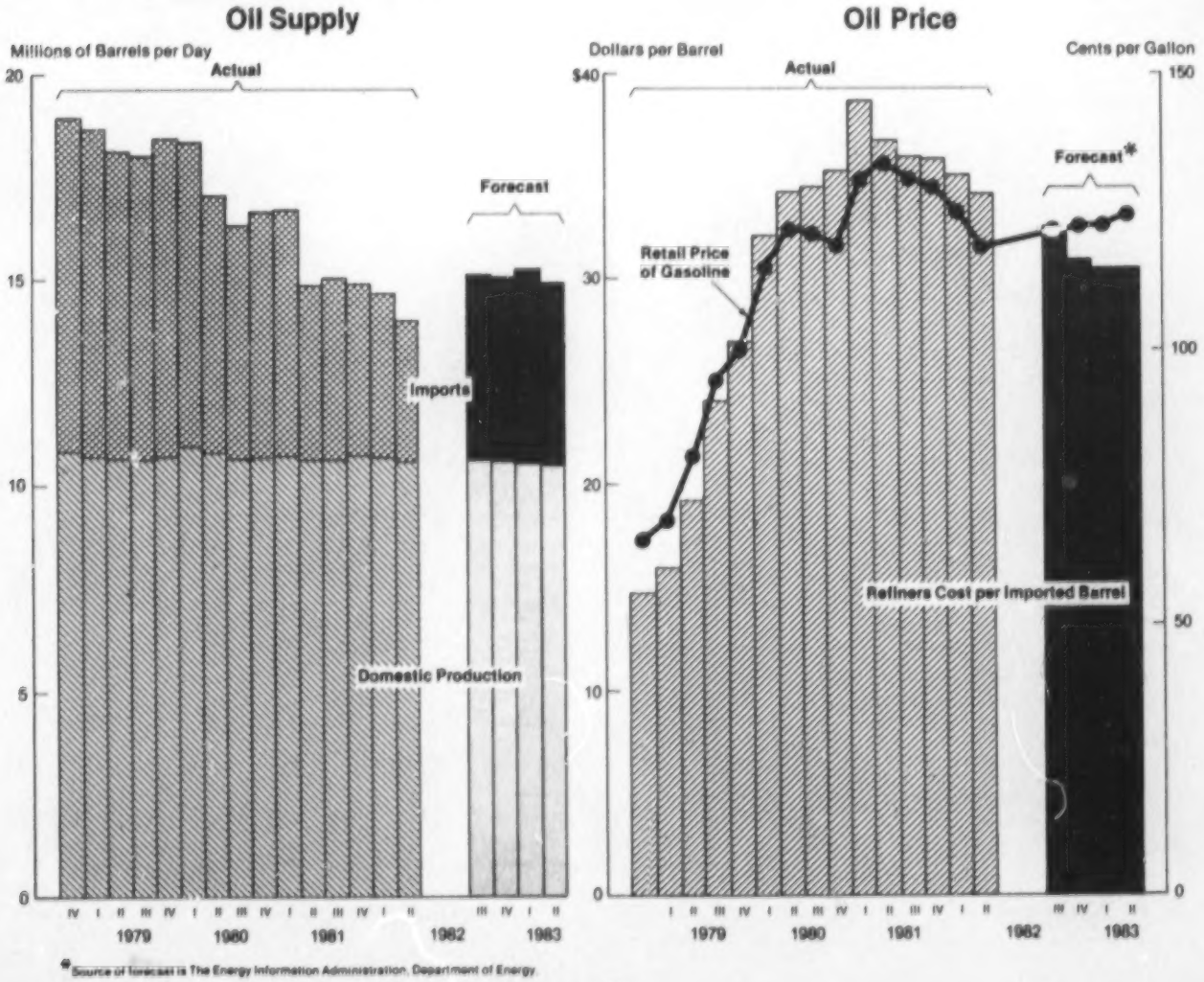
	1980	1981				1982		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1981 Actual	1982 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	26.151	27.696	28.060	26.938	22.992	25.767	20.039	2	—11
Capital expenditures	22.801	24.057	24.580	26.217	26.174	26.924	26.315	15	1
Change in appropriations backlog*	+ 2.606	+ 2.714	+ 2.736	+ 1.164	—4.602	—1.629	—8.149		
Durable Goods									
New appropriations	10.724	9.705	11.488	11.549	9.532	8.446	7.600	—5	—13
Capital expenditures	10.477	10.323	10.405	11.079	10.965	11.161	11.006	4	—3
Change in appropriations backlog*	+ 0.305	—0.702	+ 0.757	+ 0.964	—1.953	—2.994	—4.176		
Nondurable Goods									
New appropriations	15.427	17.991	16.572	15.389	13.460	17.321	12.439	7	—11
Capital expenditures	12.324	13.734	14.175	15.138	15.209	15.763	15.309	24	5
Change in appropriations backlog*	+ 2.301	+ 3.416	+ 1.979	+ 0.200	—2.649	+ 1.365	—3.973		
ELECTRIC & GAS UTILITIES									
New appropriations	11.129	10.300	12.679	10.163	8.401	8.665			
Capital expenditures	8.291	7.698	8.002	8.576	8.947	8.678			
Change in appropriations backlog*	—1.288	+ 1.868	+ 4.281	—6.870	—6.195	—5.369			

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

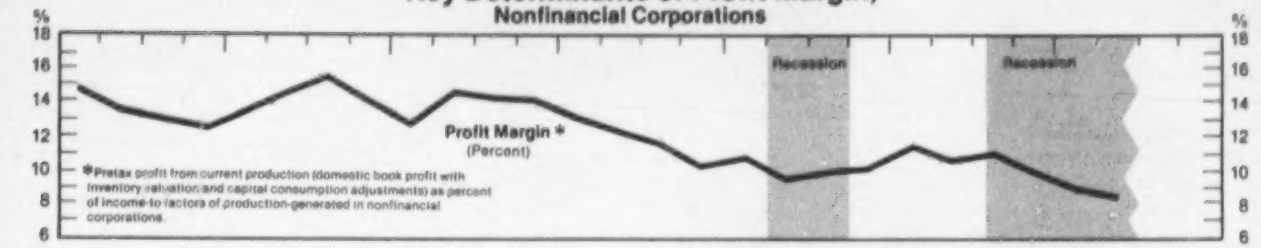
* Change in Backlog = New Appropriations — (Expenditures + Cancellations + Other Adjustments).

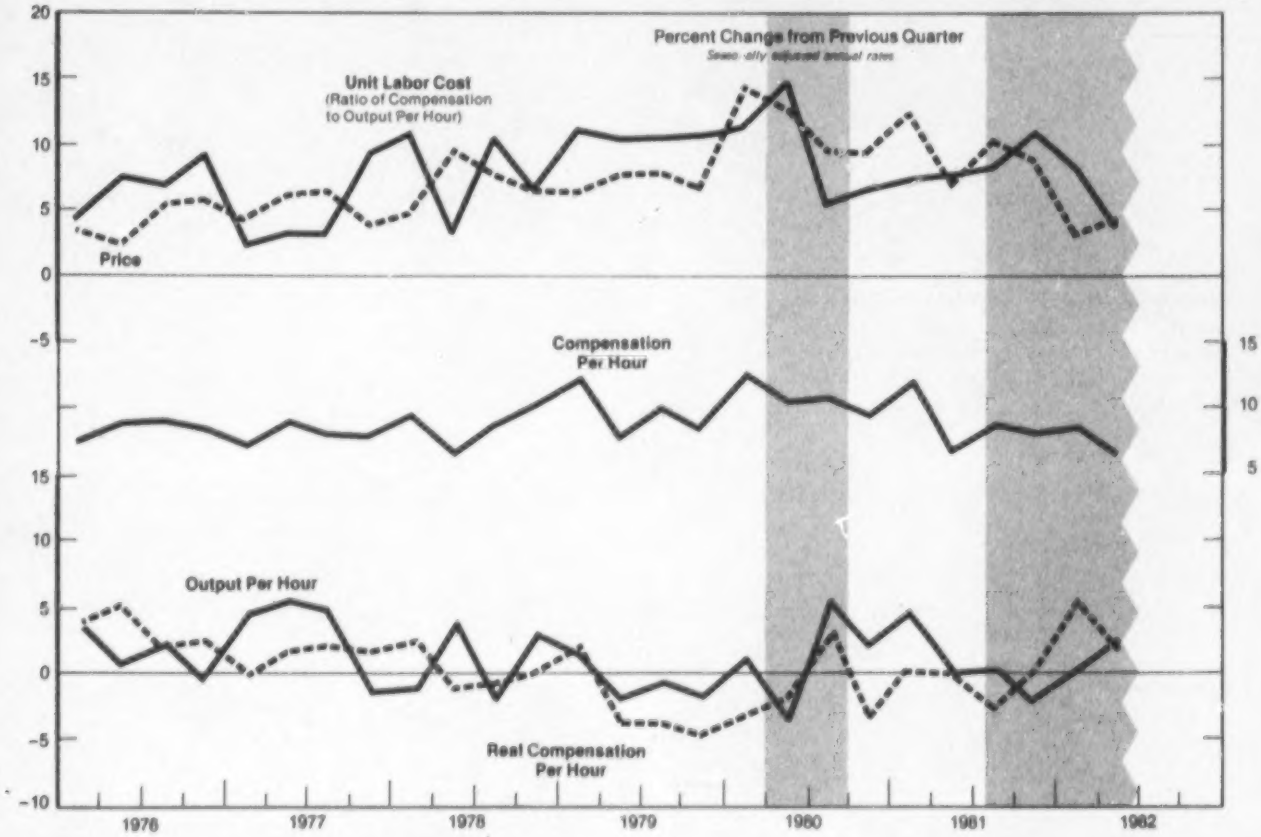
** Results based on survey respondents' expectations.

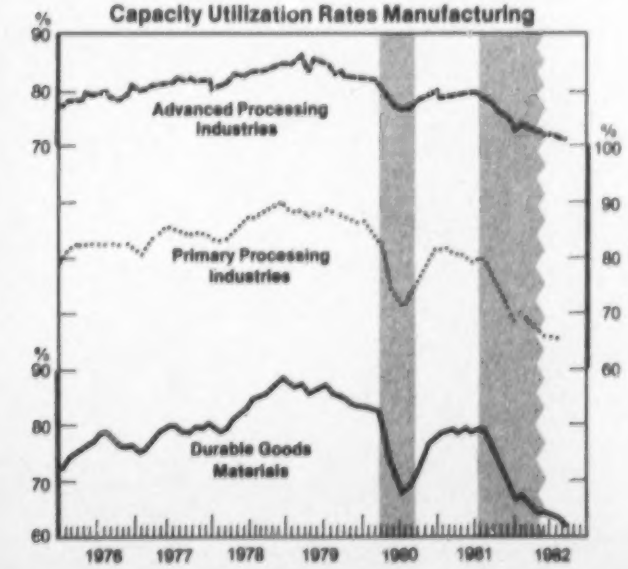


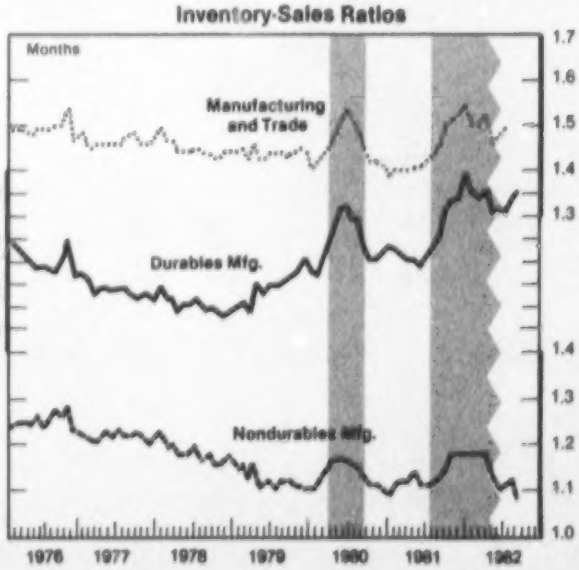
* Source of forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin,
Nonfinancial Corporations


%
Recession
Recession
Profit Margin *
(Percent)
*Pretax profit from current production (domestic book profit with inventory valuation and capital consumption adjustments) as percent of income to factors of production generated in nonfinancial corporations.







ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[2]		Kent Economic Institute[1]		Georgia State University[1]	
Date of Forecast			*Oct., 1982*		*Oct., 1982*		*Oct., 1982*		*Oct., 1982*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1982**	**III**	**$3091.4**	**6.2%**			**$3091.4**	**6.2%**	**$3091.4**	**6.2%**
Forecast		IV	3139.9	6.4	$3170.3	10.5%	3160.5	9.2	3137.0	6.0
	1983	I	3210.8	9.3	3231.0	7.9	3246.0	11.3	3207.1	9.2
		II	3285.9	9.7	3290.6	7.6	3331.2	10.9	3273.3	8.5
		III	3376.3	11.5	3383.9	11.8	3408.5	9.6	3351.2	9.9
		IV	3477.4	12.5	3480.8	12.0	3494.1	10.4	3423.2	8.9
	1984	I	3578.9	12.2	3572.2	10.9	3599.7	12.6	3507.1	10.2
		II	3663.1	9.7	3670.5	11.5	3725.5	14.7	3579.3	8.1
		III	3753.0	10.2			3837.9	12.6	3643.5	7.4
		IV	3841.0	9.7			3968.0	14.3	3721.8	8.9
	1982	Annual	3068.0	4.4	3075.8	4.7	3073.1	4.6	3067.3	4.4
	1983	Annual	3337.6	8.8	3346.6	8.8	3369.9	9.7	3313.7	8.0
	1984	Annual	3709.0	11.1			3782.8	12.3	3612.9	9.0
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1982**	**III**	**$1481.2**	**0.8%**			**$1481.2**	**0.8%**	**$1481.2**	**0.8%**
Forecast		IV	1483.7	0.7	$1493.1	2.8%	1486.0	1.3	1484.2	0.8
	1983	I	1495.0	3.1	1501.8	2.4	1500.7	4.0	1497.1	3.5
		II	1512.9	4.9	1509.7	2.1	1514.9	3.8	1507.0	2.7
		III	1534.8	5.9	1527.1	4.7	1527.1	3.3	1522.7	4.2
		IV	1557.8	6.1	1548.1	5.6	1544.0	4.5	1534.9	3.2
	1984	I	1580.4	5.9	1566.7	4.9	1556.3	3.2	1552.2	4.6
		II	1597.1	4.3	1586.1	5.0	1572.6	4.3	1562.0	2.5
		III	1614.3	4.4			1589.2	4.3	1569.4	1.9
		IV	1629.3	3.8			1603.9	3.8	1582.0	3.3
	1982	Annual	1478.5	−1.6	1481.3	−1.4	1479.1	−1.6	1478.6	−1.6
	1983	Annual	1525.1	3.2	1521.7	2.7	1521.7	2.9	1515.4	2.5
	1984	Annual	1605.3	5.3			1580.5	3.9	1566.4	3.4
Gross National Product Deflator Index, 1972 = 100										
Actual	**1982**	**III**	**208.7**	**5.4%**			**208.7**	**5.4%**	**208.7**	**5.4%**
Forecast		IV	211.6	5.7	212.3	7.5%	212.7	7.8	211.4	5.2
	1983	I	214.8	6.1	215.1	5.4	216.3	7.0	214.2	5.5
		II	217.2	4.6	218.0	5.4	219.9	6.8	217.2	5.7
		III	220.0	5.2	221.6	6.8	223.2	6.1	220.1	5.4
		IV	223.2	6.0	224.8	8.0	226.3	5.7	223.0	5.5
	1984	I	226.5	5.9	228.0	5.7	231.3	9.1	225.9	5.3
		II	229.4	5.2	231.4	6.1	236.9	10.0	229.1	5.8
		III	232.5	5.6			241.5	8.0	232.2	5.4
		IV	235.7	5.7			247.4	10.1	235.3	5.4
	1982	Annual	207.5	6.1	207.8	6.2	207.8	6.3	207.4	6.1
	1983	Annual	218.6	5.5	219.9	5.9	221.5	6.6	218.7	5.4
	1984	Annual	231.1	5.8			239.3	8.1	230.7	5.5
Unemployment Rate										
Actual	**1982**	**III**	**9.9%**		**9.9%**		**9.9%**		**9.9%**	
Forecast		IV	10.4		10.2		9.9		10.5	
	1983	I	10.3		10.1		9.3		10.5	
		II	9.9		10.0		8.9		10.4	
		III	9.7		9.7		8.3		10.3	
		IV	9.3		9.6		8.3		10.2	
	1984	I	8.9		9.2		7.9		10.0	
		II	8.4		8.8		7.6		9.8	
		III	8.0				7.4		9.7	
		IV	7.7				7.3		9.5	
	1982	Annual	9.6		9.6		9.5		9.7	
	1983	Annual	9.8		9.8		8.7		10.3	
	1984	Annual	8.2				7.6		9.7	

Notes: Percentage change represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary third quarter data.

[2]Based on revised (2nd revision) second quarter data.